

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO

as representative of

THE COMMONWEALTH OF PUERTO RICO, ET
AL.,

Debtors.¹

PROMESA

Title III

Case No. 17-BK-03283 (LTS)

**JOINDER OF ERS BONDHOLDERS IN AMBAC ASSURANCE CORPORATION'S
MOTION FOR RULE 2004 DISCOVERY CONCERNING COMMONWEALTH ASSETS
[ECF 9022] AND COMMONWEALTH CASH RESTRICTION ANALYSIS [ECF 9023]**

To the Honorable United States Magistrate Judge Judith Gail Dein:

1. The ERS Bondholders² hereby file this joinder (the "Joinder") in (i) *Ambac*

Assurance Corporation's Motion for Entry of Order Authorizing Discovery Under Bankruptcy

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² Altair Global Credit Opportunities Fund (A), LLC, Andalusian Global Designated Activity Company, Crown Managed Accounts for and on behalf of Crown/PW SP, Glendon Opportunities Fund, L.P., LMA SPC for and on behalf of Map 98 Segregated Portfolio, Mason Capital Master Fund LP, Oaktree-Forrest Multi-Strategy, LLC (Series B), Oaktree Opportunities Fund IX, L.P., Oaktree Opportunities Fund IX (Parallel), L.P., Oaktree Opportunities Fund IX (Parallel 2), L.P., Oaktree Huntington Investment Fund II, L.P., Oaktree Opportunities Fund X, L.P., Oaktree Opportunities Fund X (Parallel), L.P., Oaktree Opportunities Fund X (Parallel 2), L.P., Oaktree

Rule 2004 Concerning Commonwealth Assets [ECF No. 9022] and (ii) *Ambac Assurance Corporation's Motion for Entry of Order Authorizing Discovery Under Bankruptcy Rule 2004 Concerning Commonwealth Cash Restriction Analysis* [ECF No. 9023] (together, the "Rule 2004 Motions").³ In support of its Joinder, the ERS Bondholders respectfully state as follows:

2. On January 23, 2020, the Court entered an order [ECF No. 10332] (the "Motion to Strike Order") denying the *Urgent Motion of the Financial Oversight and Management Board for Puerto Rico and the Puerto Rico Fiscal Agency and Financial Advisory Authority to Strike the Rule 2004 Motions* [ECF No. 9131]. In the Motion to Strike Order, the Court instructed the parties to the Rule 2004 Motions to meet and confer "to identify parameters for disclosure that are substantially narrower than the requests set forth in the Rule 2004 Motions and that are designed to provide Ambac with core information sufficient to obtain a basic understanding of major aspects of the Commonwealth's financial condition that will be relevant to a plan of adjustment." Motion to Strike Order at 8–9. The Motion to Strike Order also provided that "Ambac is one of many creditors entitled to basic information concerning the financial condition of this Debtor [and thus a]ny plan for compliance should provide opportunities for [the Oversight Board and AAFAF] to identify, organize, and disclose a core body of information in a manner that will not be unduly expensive or disruptive of operations and that will facilitate efficient responses to future similar requests." *Id.* at 9.

Value Opportunities Fund Holdings, L.P., Oceana Master Fund Ltd., Ocher Rose, L.L.C., Pentwater Merger Arbitrage Master Fund Ltd., PWCM Master Fund Ltd., Redwood Master Fund, Ltd, SV Credit, L.P.

Oaktree Opportunities Fund IX, L.P., Oaktree Opportunities Fund IX (Parallel), L.P., and Oaktree Opportunities Fund IX (Parallel 2), L.P. hold through Opps Culebra Holdings, L.P. Oaktree Huntington Investment Fund II, L.P. holds through Oaktree Opportunities Fund X Holdings (Delaware), L.P. Oaktree Opportunities Fund X, L.P., Oaktree Opportunities Fund X (Parallel), L.P., and Oaktree Opportunities Fund X (Parallel 2), L.P. hold through Oaktree Opps X Holdco Ltd.

³ Capitalized terms used but not defined herein shall have the meanings given to them in the Rule 2004 Motions.

3. As of the date of this filing, there have been four joinders filed in this matter.⁴ The Court issued an order ruling on these joinders on February 6, 2020 [ECF No. 10727] (the “Order on Joinders”). In it, the Court kept the joinders pending as to the requests to obtain discovery produced to Ambac and participate in depositions and denied the joinders’ request to participate in the meet and confer process ordered by the Court in its Motion to Strike Order, but noted “that nothing in the Order precludes the Oversight Board, AAFAF, and Ambac from including these parties from participating in devising a coordinated discovery plan and schedule.” Order on Joinders at 3. The Order on Joinders also required the parties to submit a joint status report to respond to the joinders. *Id.*

4. In their joint status report of February 12, 2020 [ECF No. 10875] (the “Joint Status Report”), the Parties noted that they voluntarily allowed the joinder entities to participate in the February 3, 2020 meet and confer. The Parties also said they “do not presently object to the Joinder Entities’ continued participation, provided it does not compromise the productivity of the Parties’ discussions.” Joint Status Report at 4. The Parties agreed to provide the joinder entities the documents the Government Parties produce in response to Ambac’s Rule 2004 Requests, subject to the entry of an appropriate protective order. With respect to depositions, the Parties did not object to the joinder entities attending or receiving transcripts of any depositions that may take place in connection with Ambac’s Rule 2004 Motions. However, the Parties reserved their rights with respect to whether the joinder entities may ask questions at those depositions taken in connection with the Rule 2004 Motions.

⁴ Assured Guaranty Corp., Assured Guaranty Municipal Corp. (f/k/a Financial Security Assurance Inc.) (together, “Assured”) and National Public Finance Corporation (“National”) [ECF No. 10593], the Official Committee of Unsecured Creditors (the “UCC”) [ECF No. 10425], Salud Integral en la Montana (“SIM”) [ECF No. 10401] and Financial Guarantee Insurance Company (“FGIC”) [ECF No. 10605].

5. The Court adopted the Parties' proposed confidentiality agreement for the production of documents in connection with the Rule 2004 Motions on April 21, 2020 [ECF No. 12920] (the "Confidentiality Agreement").

6. The ERS Bondholders hereby join in the Rule 2004 Motions so that they may obtain the same information as Ambac related to the Commonwealth's financial condition and participate in any meet and confer process related thereto. As Ambac noted in the Rule 2004 Motions, the Commonwealth's creditors need transparency into its financial condition to fully evaluate its proposed plan of adjustment and to understand the full range of Commonwealth assets available to pay its creditors. *See* ECF No. 9022 at 1-2. The ERS Bondholders are entitled to this information to the same extent as Ambac and other creditors.

7. ERS Bondholders, therefore, respectfully request that any further order entered by the Court with respect to the Rule 2004 Motions expressly provide that ERS Bondholders shall receive all documents obtained by Ambac as a result of the Rule 2004 Motions, be included in any "meet and confer" process related to the Rule 2004 Motions, and participate in any depositions taken in connection with the Rule 2004 Motions. The ERS Bondholders further respectfully request that they be included in the Rule 2004 discovery process currently underway between the Parties and joinder entities and have the same status and rights as the other entities that have previously filed joinders in connection with the Rule 2004 Motions.

8. Counsel to the ERS Bondholders will sign the Confidentiality Agreement to gain access to the Rule 2004 discovery process.

9. Nothing herein shall prejudice the ERS Bondholders' rights to independently seek Rule 2004 discovery, or other discovery, from the Oversight Board, AAFAF, the Commonwealth, or any other entity.

10. The ERS Bondholders reached out to Ambac and the Government Parties several weeks ago informing them that the ERS Bondholders would be filing this joinder and seeking to participate in the Rule 2004 discovery process. Counsel to Ambac responded that they agreed that the ERS Bondholders could participate in the meet-and-confers and receive copies of the discovery produced, although they would take the position that any joinder motion be denied. Counsel to the Government Parties did not respond.

11. The ERS Bondholders intend to cooperate with Ambac and the Government Parties in the Rule 2004 discovery process, but file this joinder to the Rule 2004 Motions in order to preserve their rights.

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In San Juan, Puerto Rico, today June 12, 2020.

/s/Alfredo Fernández-Martínez

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